

Fig 1

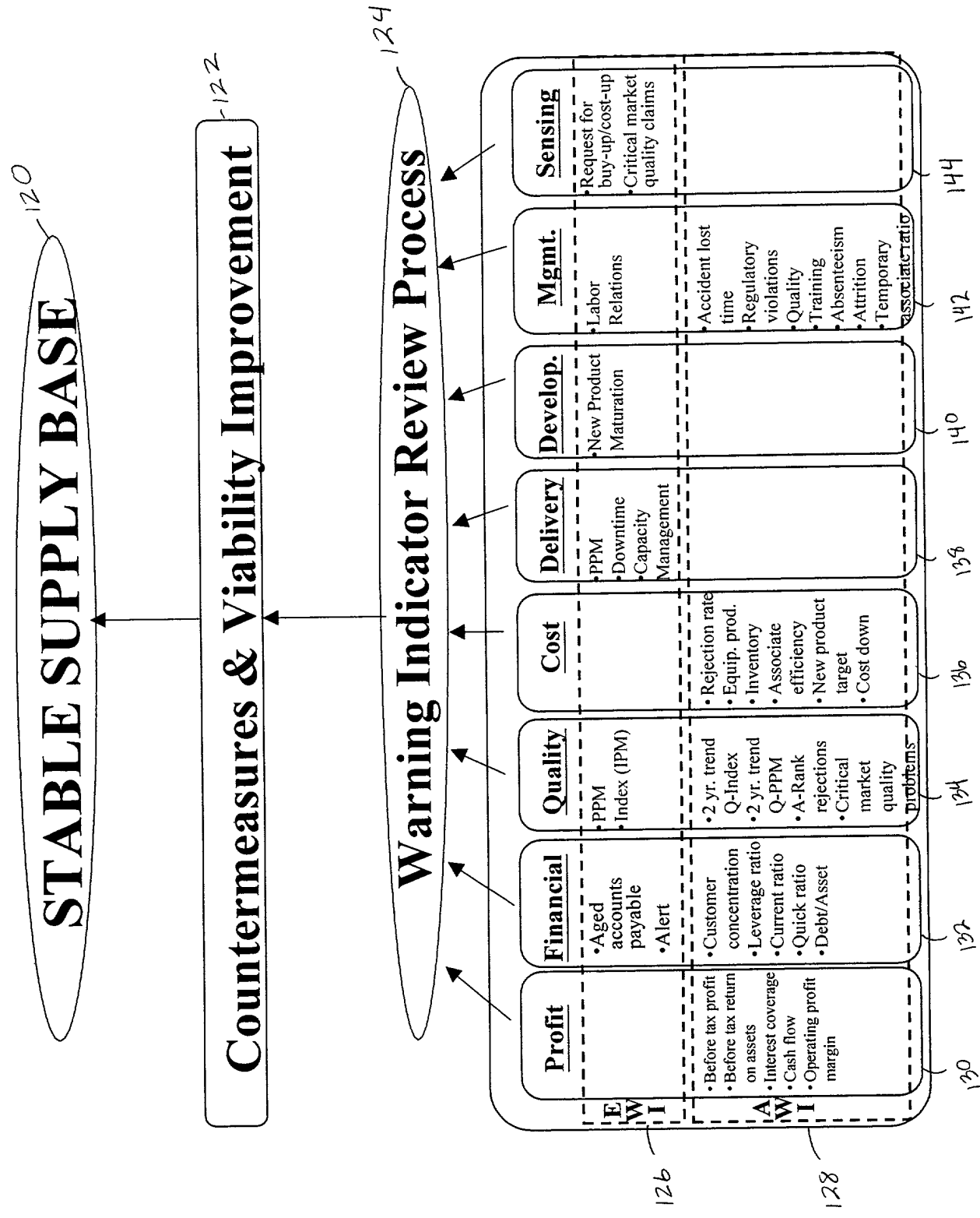


Fig. 2

150

	Criteria	Calculation Formula		Criteria	Calculation Formula
Profitability	Before Tax Profit Margin (%)	$\frac{\text{Profit Before Tax}}{\text{Total Sales}} \times 100$	Cost 156	Rejection Rate (%)	$\frac{\text{Rejection Cost}}{\text{Annual Sales}} \times 100$
	Before Tax Return on Assets (%)	$\frac{\text{Profit Before Tax}}{\text{Total Assets}} \times 100$		Equipment Productivity (%)	$\frac{\text{Annual Sales} - \text{Purchase parts Depreciation (incl. Lease)}}{\text{X 100}}$
	Interest Coverage (Times)	$\frac{\text{Earning before Interest Expense \& Taxes}}{\text{Interest Expense}}$		Inventory (days)	Days of finished inventory
	Cash Flow (Times)	$\frac{\text{After Tax Profit} + \text{Depreciation}}{\text{Curr. Long Term Debt} + \text{Dividends} + \text{Investment}}$		Associate Efficiency	$\frac{\text{Annual Sales} - \text{Purchase parts}}{\text{Number of Associate}} \times 12$
	Customer Concentration (%)	$\frac{\text{Largest Customer Sales}}{\text{Total Sales}} \times 100$		New Product Target Cost (%)	$\frac{\text{Target Cost}}{\text{Actual(Quote)}} \times 100$
Financial	Leverage Ratio (Times)	$\frac{\text{Total Liabilities}}{\text{Net Worth}}$	DI 158	Cost Down (%)	Annual Cost Down percentage
	Current Ratio (Times)	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$		Delivery PPM	Yearly Delivery PPM
	Quick Ratio (Times)	$\frac{\text{Current Liabilities} - \text{Inventory Amount}}{\text{Current Liabilities}}$		Time lost to accidents (%)	$\frac{\text{Annual time lost due to accidents}}{\text{Annual production hours}} \times 100$
	Critical Market Quality Problems	1) Recalls 2) Product updates 3) Critical Grade A		Regulatory Violations	Number of violations in the last 5 years
	Quality Index	Monthly Average of Quality Index		Training	Ave. No. of training hours per associate
Quality	2 year Trend of Ave. Q-Index (%)	$\frac{\text{Q-Index Prior Yr. Ave.} - \text{Q-Index Cur. Yr. Ave.}}{\text{Q-Index Prior Yr. Ave.}} \times 100$	Management 160	Kaizen	Number of suggestions per associate
	2 year Trend of Ave. Q-PPM (%)	$\frac{\text{Q-PPM Prior Yr. Ave.} - \text{Q-PPM Cur. Yr. Ave.}}{\text{Q-PPM Prior Yr. Ave.}} \times 100$		Circle activities (%)	Participation in Circle Activities
	Critical Quality Problems	A-Rank Rejections		Absenteeism Rate (%)	Associate Absenteeism Rate
				Attrition Rate (%)	Associate Attrition Rate
				Local Content (%)	Actual Local Content
			Others 162		

150

152

154

Fig 3

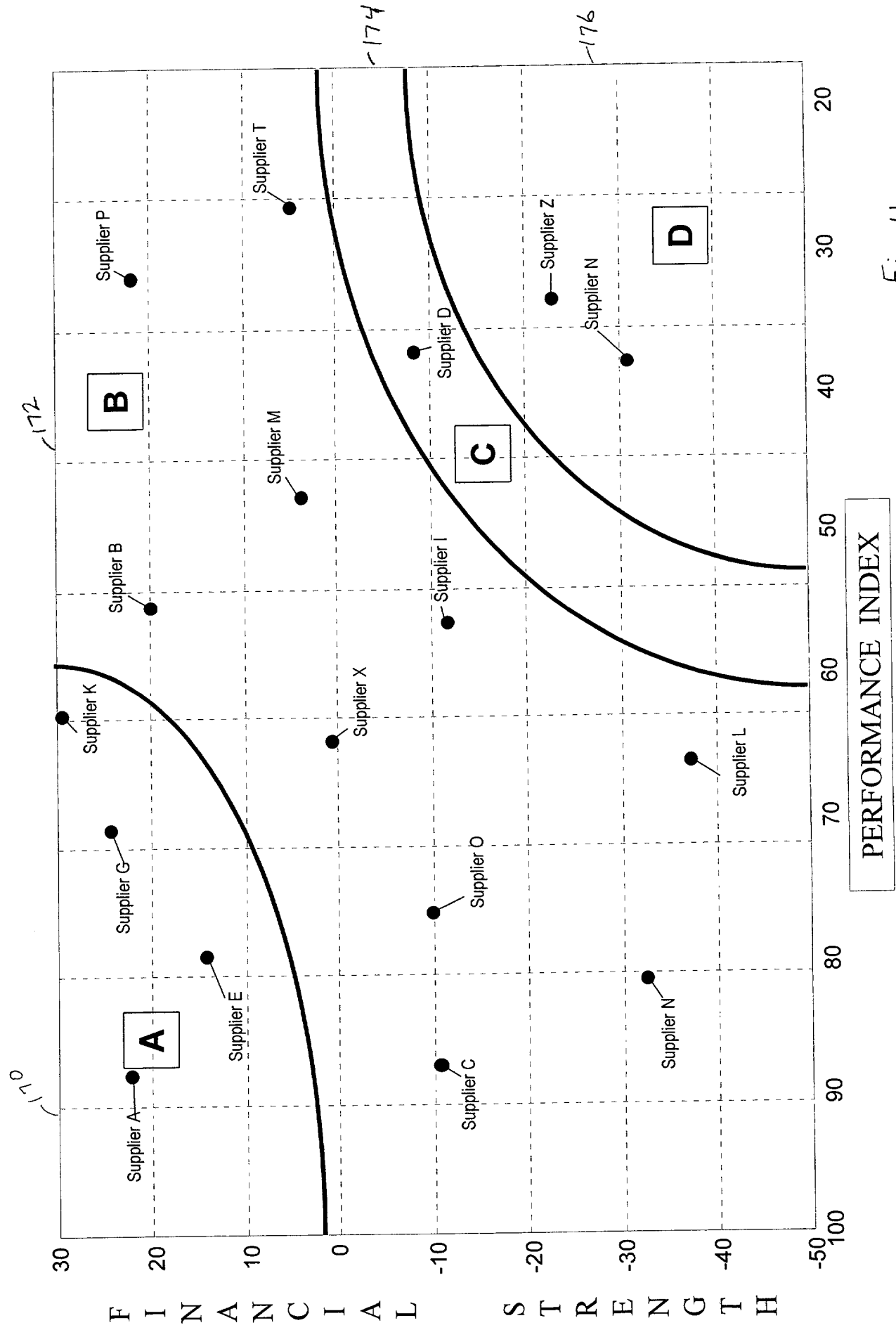


Fig. 4

Category	Definition	Action
<b>A</b> S T A B L E	•SUPPLIER'S PERFORMANCE INDICATES A STABLE OPERATION	•MONITOR THROUGHOUT THE YEAR USING THE EARLY WARNING INDICATORS
<b>B</b> M O N I T O R	•SUPPLIERS THAT REQUIRE COUNTERMEASURES TO CONCERN AREAS TO IMPROVE STABILITY	•UTILIZE EXISTING INITIATIVES TO IMPROVE AND COUNTERMEASURE PROBLEMS AS NEEDED
<b>C</b> C O N C E R N	•SUPPLIERS THAT REQUIRE SIGNIFICANT IMPROVEMENT TO AVOID SERIOUS CONCERN	•TAKE IMMEDIATE ACTION TO ESTABLISH AND CARRYOUT A RECOVERY PLAN EQUIVALENT TO A LEVEL 1 OR 2 ASSESSMENT
<b>D</b> A L E R T	•SUPPLIERS THAT ARE IN NEED OF A RECOVERY PLAN -- STATE OF SERIOUS CONCERN --	•TAKE IMMEDIATE ACTION TO ESTABLISH AND CARRYOUT A RECOVERY PLAN OR WORKOUT PROCESS EQUIVALENT TO A LEVEL 3 OR 4 ASSESSMENT

Fig. 5

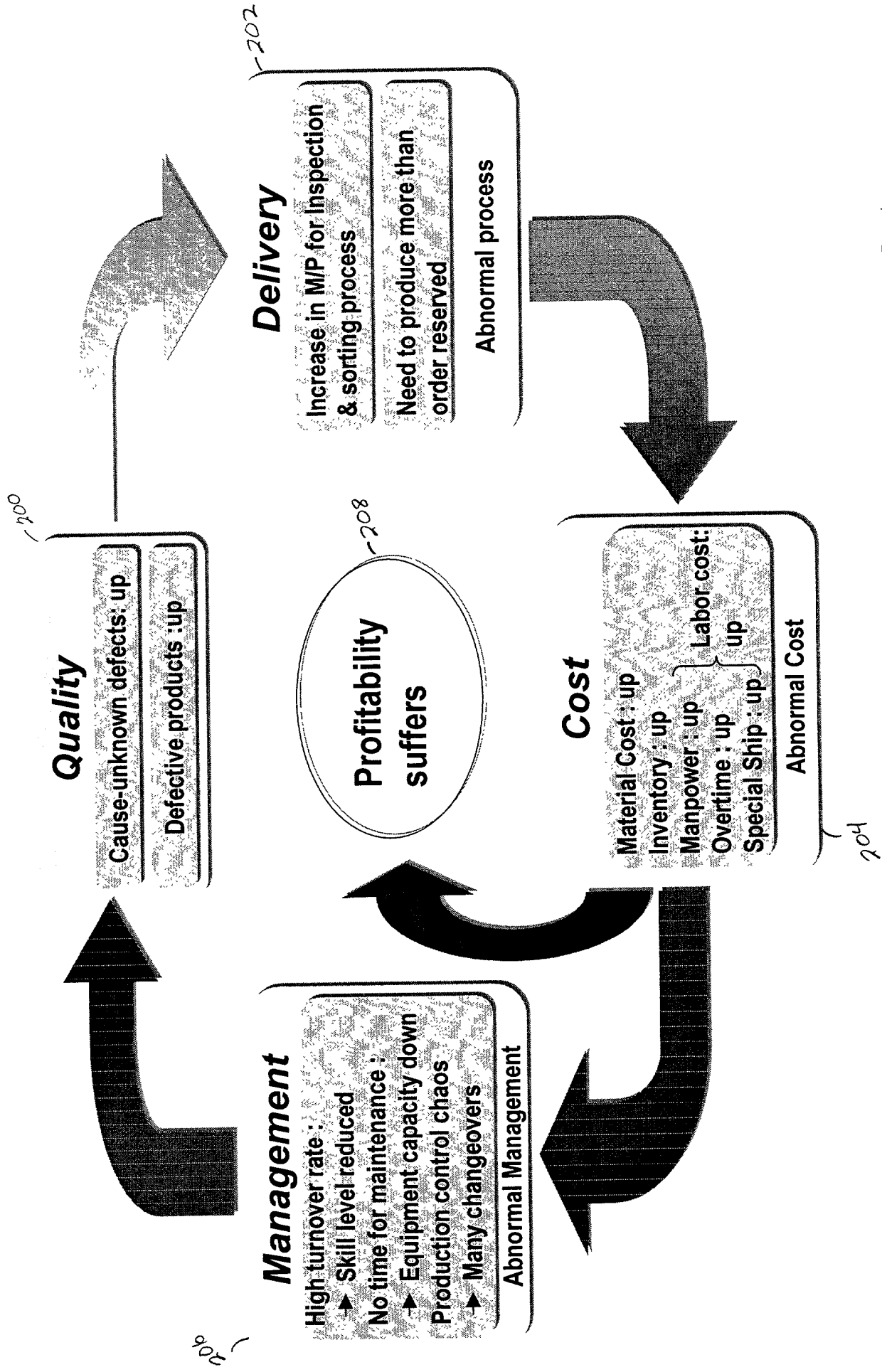


Fig. 6

222 224 225 228 230 232

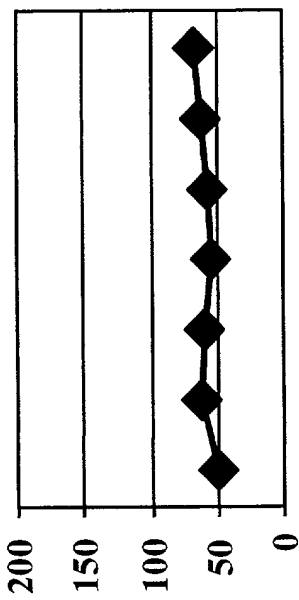
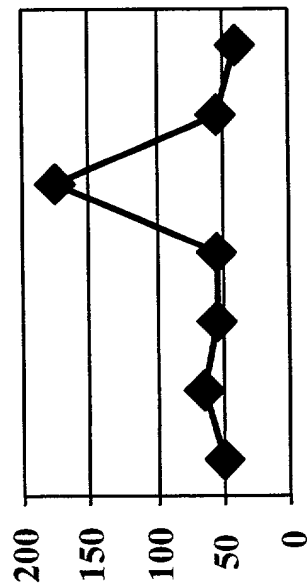
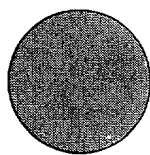
Category	No.	EWI	Measurement	Frequency	Judgement Criteria		
					Green	Yellow	Red
Financial	1	Aged Accounts Receivables	Accts/Rec Past Due	Monthly	On-time	> 30 days	> 60 days
	2	Payment History	Score (100-0)	Monthly	> 51	50-41	< 40
	3	Independent Evaluation Risk	Score (9-1)	Monthly	< 6	7-8	9
Quality	4	PPM	3-month performance trend of rejects/million	Monthly	stable or positive	2 of 3 mos 150 > PPM	3M worse AND > 50
	5	IPM	3-month performance trend of index/million	Monthly	stable or positive	2 of 3 mos 150 > PPM	3M worse AND > 50
Delivery	6	PPM	3-month perform. trend misdeliveries/million	Monthly	stable or positive	2 of 3 mos 600 > PPM	3M worse AND > 200
	7	Downtime	# of supplier-caused incidents /4 months	Monthly	No Incidents	> 1 incidents prior 3 mos	Downtime last month
	8	Capacity Management System	Process Utilization Report	Monthly	No Concerns	Unconfirmed Concern	Capacity Concern
Development	9	New Product Maturation	Target vs Actual (NM Evaluation)	Monthly (as available)	Met most Targets	Missed some Targets	Failed most Targets
Management	10	Labor Relations	Level of Labor Issues	Monthly	None	Concern	Unrest
Sensing	11	Observations & Requests	Based upon weekly input	Monthly	Per Review Meeting Discussion		

Fig. 7

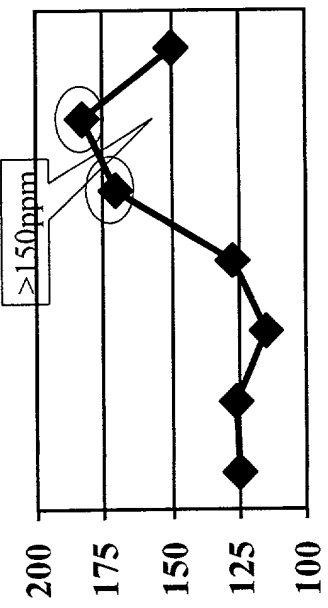
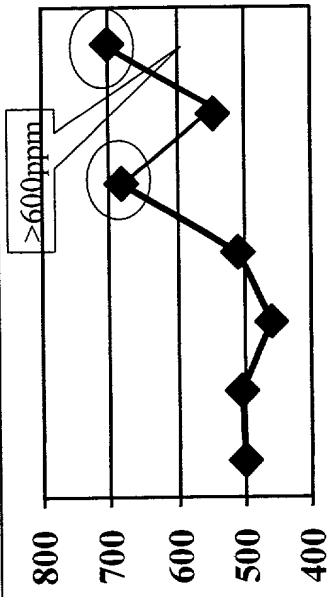
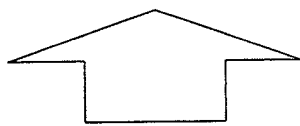
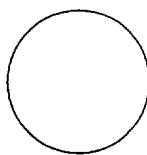
Performance Condition  
Quality PPM & IPM

Delivery PPM

Green Signal



Yellow Signal



Red Signal

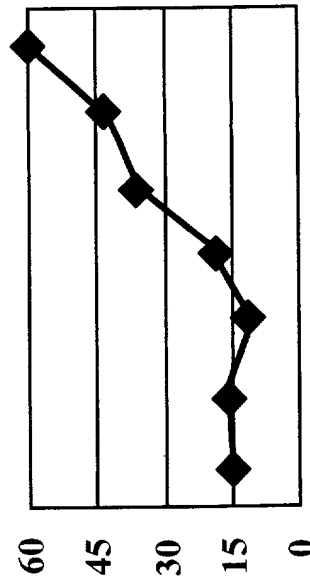
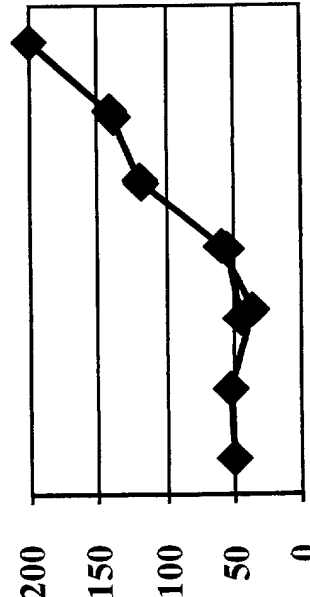
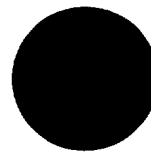


Fig. 8



# FOSTER SECTIONS

Supplier Number	Data	Report Month	04/01/01	05/01/01	3 mos worsening	2 of last 3 mos
000100 - Supplier A	Delivery PPM	03/01/01	0	0	no	no
	Quality PPM		0	0	no	no
	Quality IPM		0	0	no	no
000102 - Supplier B	Delivery PPM		0	0	no	no
	Quality PPM	21	13	14	no	no
	Quality IPM	0	0	0	no	no
000104 - Supplier C	Delivery PPM	0	96	0	no	no
	Quality PPM	8	16	35	no	no
	Quality IPM	44	96	94	no	no
000106 - Supplier D	Delivery PPM	0	0	0	no	no
	Quality PPM	31	0	0	no	no
	Quality IPM	125	0	0	no	no
000108 - Supplier E	Delivery PPM	176	0	0	no	no
	Quality PPM	100	14	147	no	no
	Quality IPM	80	94	104	yes	no
000110 - Supplier F	Delivery PPM	0	0	0	no	no
	Quality PPM	0	192	24	no	no
	Quality IPM	0	257	96	no	no
000112 - Supplier G	Delivery PPM	103	0	2	no	no
	Quality PPM	1	1	9	no	no
	Quality IPM	5	5	35	no	no
000114 - Supplier H	Delivery PPM	0	7	0	no	no
	Quality PPM	117	43	50	no	no
	Quality IPM	119	213	146	no	no
000116 - Supplier I	Delivery PPM	0	0	602	no	no
	Quality PPM	6	1	1	no	no
	Quality IPM	14	2	6	no	no

Fig. 9

# WARNING INDICATOR REVIEW REPORT

SUPPLIER	ANNUAL		EARLY										SENSING			
	FY Rank	Mgt LR	Financial		Quality		Delivery		NMD		Alert	D/T				
			TA	Paydex	SER	PPM	IPM	PPM	D/T	CMS	CF	LR				
000100 - Supplier A			V		V	V	V		X			Alert 57 - 48				
000102 - Supplier B				X			V									
000104 - Supplier C			X					V				Alert 46 - 38; D/T 3/01				
000106 - Supplier D	A				V			V	V			D/T 2/01				
000108 - Supplier E					V		X		O							
000110 - Supplier F				V		V	X									
000112 - Supplier G			V				V									
000114 - Supplier H							X	X				D/T 3/01				
000116 - Supplier I					V	V										
000118 - Supplier J			V				X									
000120 - Supplier K	B							X	V							
000122 - Supplier L					X	V	X		O							
000124 - Supplier M	A						X	X	O			D/T 3/01				
000126 - Supplier N						V	V									
000128 - Supplier O						V		V				D/T 2/01				
000130 - Supplier P					V	V										
000132 - Supplier R						X	X									
000134 - Supplier S			X	V			X					Alert 49 - 25				
000136 - Supplier T					V	X										
000138 - Supplier U					V		X									

Fig. 10

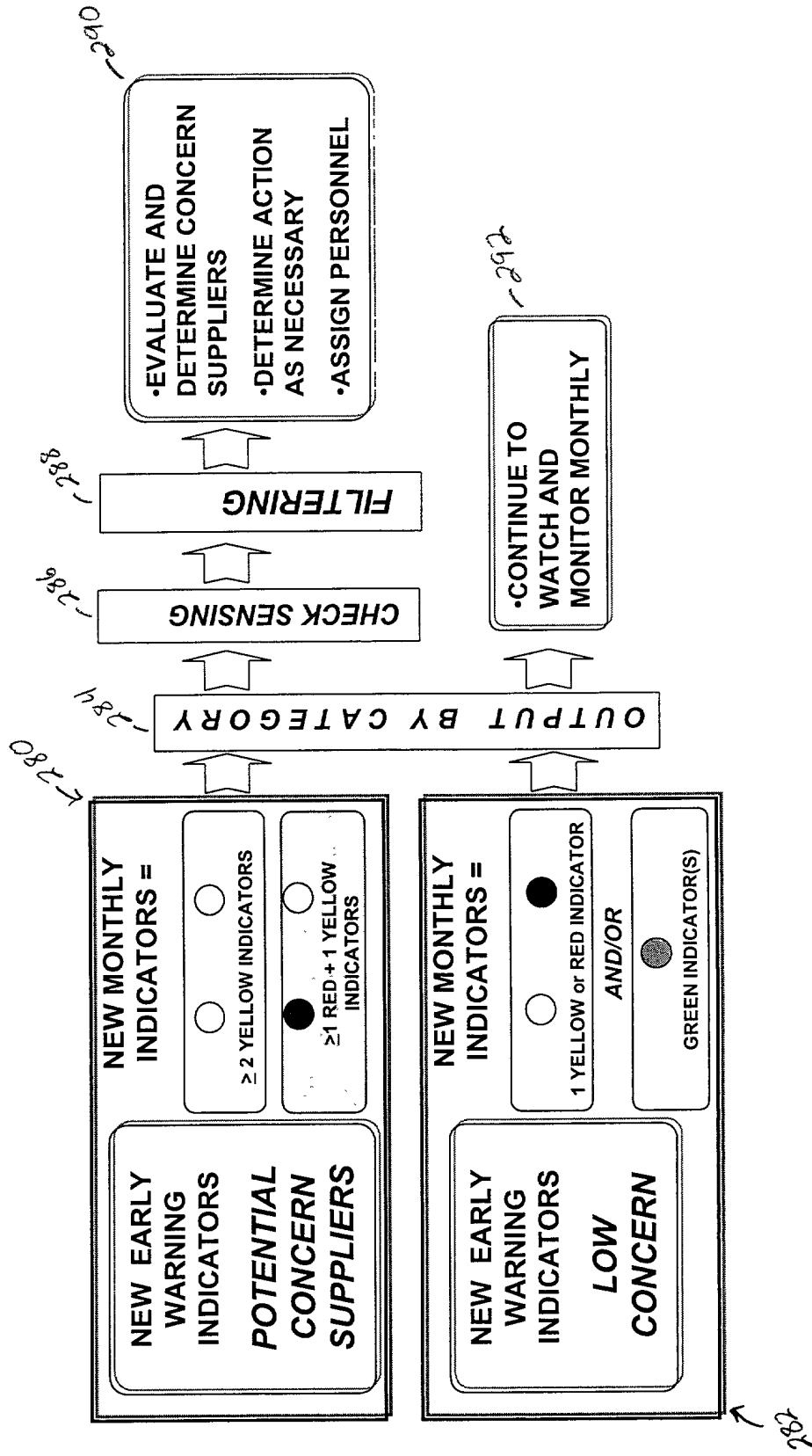


Fig. 11

**300** →

**Company** Supplier 1  
City Centerville  
State Ohio  
Country USA

**President** T. Smith  
Phone 888-999-1111

**Plant Manager**  
Phone  
Contact  
Phone

**310** →

**PLANT/PART**

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**312** →

**ISSUE A**  
D & B Paydex Rating 40

**CAUSE A**

D & B rating based on 14 experiences  
T. supplier 1 is paying its bills  
supplier 1 has no outstanding loans and  
a favorable balance sheet

**CAUSE B**

Management has been involved in  
resolving prior disputes  
Main root cause is paperwork  
(incomplete invoices, inaccurate packing  
slip)

**300** →

**ISSUE B**  
Late payment to XYZ supplier

**310** →

**PLANT/PART**

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**312** →

**ISSUE B**  
Late payment to XYZ supplier

**CAUSE A**

D & B rating based on 14 experiences  
T. supplier 1 is paying its bills  
supplier 1 has no outstanding loans and  
a favorable balance sheet

**CAUSE B**

Management has been involved in  
resolving prior disputes  
Main root cause is paperwork  
(incomplete invoices, inaccurate packing  
slip)

**300** →

**CAUSE A**

D & B rating based on 14 experiences  
T. supplier 1 is paying its bills  
supplier 1 has no outstanding loans and  
a favorable balance sheet

**310** →

**CAUSE B**

Management has been involved in  
resolving prior disputes  
Main root cause is paperwork  
(incomplete invoices, inaccurate packing  
slip)

**312** →

**CAUSE C**

Management has been involved in  
resolving prior disputes  
Main root cause is paperwork  
(incomplete invoices, inaccurate packing  
slip)

<b>Supplier</b> <div style="border: 1px solid black; height: 20px; width: 100%;"></div>	<b>Problem Statement</b> <div style="border: 1px solid black; height: 20px; width: 100%;"></div>	<b>Report by</b> <div style="border: 1px solid black; height: 20px; width: 100%;"></div>	<b>Date</b> <div style="border: 1px solid black; height: 20px; width: 100%;"></div>																						
<b>1-A Problem Discovery Information</b> <div style="border: 1px solid black; height: 100px; width: 100%;"></div>		<b>1-B Problem Details</b> <div style="border: 1px solid black; height: 100px; width: 100%;"></div>																							
<b>2-C Identify Root Cause</b> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; padding: 5px;">Problem Statement</td> <td style="width: 50%; padding: 5px;"></td> </tr> </table>		Problem Statement		<b>2-D Root Cause Selection Justification</b> <div style="border: 1px solid black; height: 100px; width: 100%;"></div>																					
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<b>3 Countermeasure</b> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%;">C/M Implementation</th> <th style="width: 50%;">Resp</th> </tr> </thead> <tbody> <tr><td style="height: 40px;"></td><td></td></tr> <tr><td style="height: 40px;"></td><td></td></tr> <tr><td style="height: 40px;"></td><td></td></tr> </tbody> </table>		C/M Implementation	Resp							<b>4 C/M Confirmation Schedule</b> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th rowspan="2" style="width: 50%;">Countermeasure Confirmed by Results</th> <th colspan="2" style="width: 50%;">Date</th> </tr> <tr> <th style="width: 25%;">Plan</th> <th style="width: 25%;">Actual</th> </tr> </thead> <tbody> <tr><td style="height: 40px;"></td><td></td><td></td></tr> <tr><td style="height: 40px;"></td><td></td><td></td></tr> <tr><td style="height: 40px;"></td><td></td><td></td></tr> </tbody> </table>		Countermeasure Confirmed by Results	Date		Plan	Actual									
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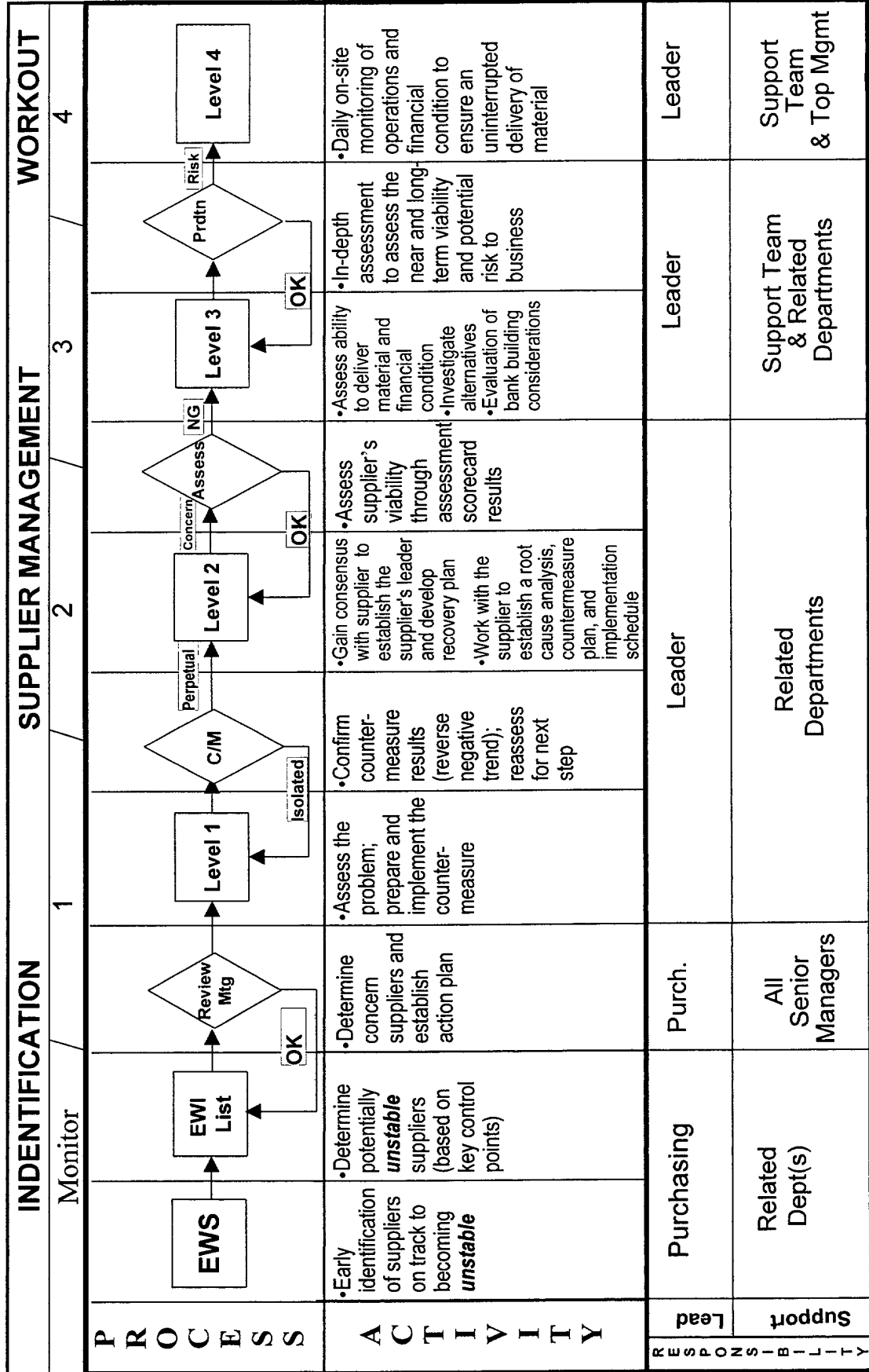


Fig. 13